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SUMMARY RECORD OF THE 6th MEETING

Held at the Vienna International Centre, Vienna,
on Wednesday, 20 May 1992, at 3 p.m.

President: Mr. CSERVENY (Hungary)

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The meeting was called to order at 3.20 p.m.

STRUCTURE OF WORLD INDUSTRIALIZATION FROM THE LONG-TERM PERSPECTIVE (continued) (IDB.9/5)

1. Mr. ANGUIANO (Mexico) said that UNIDO was undergoing a serious financial crisis. Instead of concentrating attention on such an ambitious and costly study as the one proposed by the Director-General, it should devote its limited resources to pursuing its programmes and projects in the light of the ample knowledge available about the problems which developing countries faced in industrialization. It would be difficult to finance the study, and also inappropriate to ask the United Nations to do so when the Organization was still indebted to it under the interest-free loan of $16 million which it had contracted. The study should be postponed and redefined. The world situation was changing so rapidly that what UNIDO needed was not a long-term study but the ability to respond to change immediately. Special attention should be paid to the needs of Africa and the least developed countries. The objectives of the Lima Declaration were still valid and far from achievement; they were long-term objectives which should be pursued by means of short-term action-oriented decisions.

2. Mr. OCHOA (Venezuela) said his delegation had doubts about the study proposed by the Director-General. The Board had not considered the idea in detail at the previous session. His delegation took the view that the financial difficulties facing UNIDO and other international organizations would make the financing of the study problematic. Moreover, the study would take 30 months to complete and would not receive final consideration by the United Nations General Assembly until its fifty-first session, by which time its conclusions might be invalid. In any case, the range of issues the study would cover was too broad.

3. Mr. BRAGA (Brazil) thought that a study in depth of the prospects for world industrialization would greatly assist the formulation and evaluation of programmes and projects designed to promote industrialization in the developing countries. However, the technological revolution of the 1970s had not yet been fully digested, profound changes were taking place in many parts of the world and, last but not least, the proposed study might cost over $2 million. For an impoverished organization like the United Nations, let alone UNIDO, the idea seemed too ambitious. His delegation therefore took the view that UNIDO should postpone the study, and any request to the United Nations to finance it, until world technological and political trends became clearer.

4. Ms. CONSTANTINO (Observer for the Philippines) said that the Third United Nations Development Decade had concluded with minimal progress: poverty, unemployment and external debt

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in the developing countries had grown, the technological gap between the developed countries and the developing countries had widened and overall growth in the latter had been less than in the 1960s and 1970s. The Fourth United Nations Development Decade should reverse those processes and bring the developing countries closer to the attainment of the Lima target. Speaking on behalf of the member States of the Association of South-East Asian Nations (ASEAN), her delegation welcomed the action taken by the United Nations General Assembly to address those concerns in resolutions 45/199 and 45/196, which dealt respectively with the programme of action for the Fourth Development Decade and the industrialization of the developing countries. The members of ASEAN commended UNIDO for its response to the latter resolution and believed that the Organization should devote serious attention to the study proposed by the Director-General. ASEAN endorsed the basic framework of the proposal and hoped that the study would focus on action-oriented measures, and in particular on strategies that developing countries could implement according to their different needs. The study should be seen as a means of making an early and positive contribution to the success of the Fourth Development Decade and as an aid to the task of planning UNIDO's future work.

5. Mr. KIM (Republic of Korea) said that the international development cooperation component of the programme for the Fourth United Nations Development Decade should be strengthened. The unprecedented political and economic changes in the world left many countries unable to take advantage of existing methods of industrialization. His delegation therefore believed strongly in the need for a comprehensive study of a number of crucial industrialization and development issues, such as special problems of industrial development in the least developed countries, the importance of the role of the private sector, and the development and transfer of technology. It felt confident that an extensive study of long-term world industrial structure along those lines could be implemented successfully by UNIDO in cooperation with other United Nations agencies. It believed that the study should concentrate on the main elements of the production system in various countries. The Member States of the Asian group had considered the project and reached the conclusion that the study should avoid topics previously studied by UNIDO, be completed within about 18 months and result in recommendations for implementable measures. The Board should recommend endorsement by the General Assembly of the implementation of the proposed study, the funds for which should come from voluntary contributions and other extrabudgetary resources.

6. Ms. KIMBLE (United States of America) said that the proposal for a study on the structure of world industrialization from the long-term perspective might seem attractive, but the work envisaged by the Director-General was very detailed and the final product might have little practical relevance. Her delegation was concerned that devoting scarce resources to such an ambitious study might mean neglecting more immediate issues. The discussion of UNIDO's financial situation had made it clear that the Organization would continue to face a very difficult financial future. Good sense therefore dictated that it should husband its resources and concentrate on its core activities; that meant restraint and prioritization. The proposed study was not at present a priority and staff resources could be better employed in other areas. Moreover, any such study of the structure of world industrialization would be of limited practical consequence for Member States unless it was explicitly linked to the future mandate of UNIDO.

7. Mr. SKRIPKA (Russian Federation) expressed his country's support for the basic orientation of the Director-General's proposal, approved by the General Assembly at its forty-sixth session, for a study on the structure of world industrialization from the long-term perspective as a contribution to the overall assessment of and needs for industrial development in developing countries. Such a study was particularly timely in view of the changes that had taken place in world economic relations since the publication of a similar UNIDO report in 1985. Implementation of the proposal would give countries, especially developing countries, an opportunity to plan their economic, scientific and technical development in the best possible way, and would help UNIDO to find its niche in international economic and technical cooperation at a time when there were changes in the relations between UNDP, the specialized agencies and Governments in regard to technical assistance projects.

8. The Russian Federation also supported the views expressed in the Second Committee of the General Assembly regarding the need for the study to cover problems of industrial development in the least developed countries, the importance of the role of the private sector, the development and transfer of technology, the conversion of military industries, ecologically sustainable development, cooperation with international financial institutions and institutional requirements for industrial development (see document IDB.9/5, para. 5). The role of government in industrial development should be studied, in particular with regard to decentralized economic management, privatization, macroeconomic stability, the development of small and medium-sized enterprises, new forms of economic cooperation and relations with non-governmental institutions.

9. Regarding the preliminary list of topics to be addressed in the proposed study (IDB.9/5, annex, chap. II), it was not enough to consider the political transformation in Eastern Europe in relation to the impact on developing countries; attention should also be paid to the process of economic reform in Eastern Europe. His delegation proposed inclusion of the question of the conversion of military industries, which could have a substantial impact on the pace and qualitative level of economic and technological development in the world. It should be carried out through regular follow-up and analysis of current trends in world industrial production and through information provided by Member States.

10. Mr. DJAIMIKO (Indonesia) said that the trend towards a global economy meant a prospect of rapidly expanding internationalization of production, employment and services. A comprehensive review of the changing world industrial structure would identify processes that might lead to the establishment of a new structure; it could help countries in their economic policy choices and assist in the reduction of the present disparities in industrialization and in the proper management of market forces. His delegation therefore approved the Director-General's proposal. The study might be financed from the United Nations regular budget, from UNDP funds, from voluntary contributions by Member States or from a combination of sources. His delegation supported the statement made by the representative of the Philippines on behalf of the members of ASEAN.

11. Mr. KUME (Japan) supported the study proposal. When completed, the study would offer useful guidance to policy makers of developing countries. It would also be a valuable tool in furthering three major functions of UNIDO: normative activities, policy support and consultancy. His delegation attached importance to an area or regional focus, and the study would certainly include recommendations for specific countries or regions. Analytical studies were a help towards formulating strategic plans which ensured that technical cooperation projects had a collective rather than a piecemeal impact on development. It should be left to the United Nations and UNIDO to decide between them how the study should be financed. If UNIDO had to bear some of the cost, he suggested that it should be met solely from voluntary contributions, although his delegation believed that in principle basic studies by UNIDO should be financed from the regular budget.

ECONOMIC COOPERATION AMONG DEVELOPING COUNTRIES (IDB.9/11; IDB.9/CRP.6)

12. Mr. TANDON (Director, Area Programmes Division) said that chapter I of the Director-General's report on the item (IDB.9/11) dealt with the implementation of Board decision IDB.8/Dec.5, which had called for action to strengthen economic and technical cooperation among developing countries (ECDC/TCDC). The chapter covered the use of experts from developing countries, the utilization of the operational budget for ECDC/TCDC work, the enhancement of promotional and operational activities and the development of an information base.

13. Chapter II reviewed the 13 years of implementation of the 1978 Buenos Aires Plan of Action for Promoting and Implementing Technical Cooperation among Developing Countries. That process had included various activities designed to strengthen developing countries' capacities for technical cooperation among themselves. The report brought out the point that ECDC/TCDC was an underlying principle of the work of various departments of the Organization. Expenditure on it was therefore difficult to quantify in terms of budgetary allocations.

14. UNIDO had faced constraints in the area of technical cooperation among developing countries (TCDC); broadly, they were those identified by a Group of Governmental Experts that had reported in 1990 (see document DP/1990/77, annex, paras. 10-33). The UNIDO-wide programme based on the framework for ECDC/TCDC in the 1990s approved by the General Conference at its fourth session was the basis of the ECDC/TCDC component of the revised medium-term plan to be considered by the Programme and Budget Committee at its eighth session.

15. Document IDB.9/CRP.6 summarized the report on the evaluation of UNIDO's ECDC/TCDC activities prepared in response to Board decision IDB.5/Dec.12.

16. Mr. NDIAYE (Senegal) said that his country believed strongly in the need for economic cooperation and integration among African countries. They were essential processes for the development and transformation of African economies and for reducing the handicaps which continued to affect a large number of small countries. The evaluation of the programme of the first Industrial Development Decade for Africa had shown that African countries, taken individually, had a limited capacity for creating a sound industrial base. Their economic integration would therefore be an important factor in the industrialization of the continent. And the creation of a well-integrated industrial base would help their economic integration. In view of the vital need for cooperation, the establishment of the African Iron and Steel Association was to be welcomed. In conclusion, UNIDO's support would be indispensable in formulating the elements of the protocol on industries to the Treaty Establishing the African Economic Community.

17. Mr. KAMEL (Turkey) said that, with the Chair's permission, he would refer to agenda items 8 ("System of Consultations") and 9 ("Development and transfer of technology") as well as item 7.

18. The dramatic changes that had been taking place in the field of technology had made UNIDO's task an even more formidable one. The Organization now had to monitor technological developments, give advice on the most suitable technologies, provide training on new technologies, and help Governments and enterprises in the developing countries to negotiate the best terms for technology transfer. In that connection, the guidelines for Build-Operate-Transfer (BOT) which the Secretariat was now considering would be most useful. Since 1976, Turkey had been making use of the practice known as Transfer Of Know-how through Expatriate Nationals (TOKTEN), by which some 530 expatriate professionals, mostly from the engineering sector, had brought back their expertise to help Turkey's development and industrialization efforts; the programme had also helped to promote direct project assistance.

19. Turkey also set much store by the System of Consultations as a vehicle for promoting the exchange and transfer of experience, and cooperation in the design and manufacture of equipment, machinery and spare parts. However, there had been a lessening of interest on the part of Turkish institutions. Ways should perhaps be sought of reactivating the interest of Member States, for example by orienting Consultations towards investment promotion.

20. As in previous years, Turkey was organizing ECDC/TCDC in-plant group training programmes in a variety of fields, and to meet increasing interest on the part of developing countries the Government of Turkey had recently decided to set up an independent interministerial body to administer a technical assistance programme.

21. The Turkish economy, although still struggling with inflation, had achieved great success in the past decade thanks to liberalization and privatization measures. It was now a model for many countries, including those in the Commonwealth of Independent States (CIS). Turkey had launched a substantial cooperation programme to share its experience with CIS countries as with many developing countries. At a recent meeting at Ashkhabad, Turkmenistan, representatives of four Central Asian Republics and of the Islamic Republic of Iran, Pakistan and Turkey had agreed on the promotion of technical, economic and commercial cooperation, small- and medium-scale industries, communications and transport. UNIDO could no doubt be of assistance to those countries in developing joint projects and programmes.

22. Turkey had also pioneered the Black Sea Cooperation Zone Project, in order to initiate economic and technical cooperation among the countries bordering the Black Sea and those in the

Balkans. UNIDO's expertise and assistance would be appreciated in connection with joint projects to be promoted under that scheme.

23. Mr. KRISHNAN (India) congratulated the Organization on having achieved a share of 29 per cent for the developing countries in the total number of experts and consultants appointed by UNIDO, compared with the 25 per cent target referred to in decision IDB.8/Dec.5. He noted also that 25.4 per cent of orders for equipment and supplies for technical cooperation projects had been placed with developing countries; that achievement should be maintained and improved upon. However, considerable improvement was needed in the area of new contracts for technical cooperation projects, only 16.4 per cent of the total value of which had been awarded to contractors in developing countries.

24. He welcomed the increase in enterprise-level cooperation in general as well as in a number of specific sectors, and the efforts made to strengthen developing countries' capacities for TCDC, in line with the Buenos Aires Plan of Action.

25. India attached great importance to economic cooperation, and wished to be kept regularly informed on the use of the general-purpose contribution to the Industrial Development Fund (IDF), so that it could justify to itself the continued approval of one quarter of its entire IDF contributions to the general-purpose convertible pool. India called on all countries substantially to increase funds allocated to ECDC/TCDC activities in their IDF contributions so as to enable the Fund to reach the figure of $50 million.

26. Mr. DJATMIKO (Indonesia) said he was pleased to note that during 1991 UNIDO had carried out a large number of activities to promote ECDC and to contribute towards implementation of the Buenos Aires Plan of Action, and hoped that the upward trend in the share of developing countries in orders for equipment and supplies for technical cooperation projects would be continued. It was important that alternative mechanisms and approaches should be found to provide a higher proportion of funds for delivering programmes in the area of economic cooperation among developing countries (ECDC). South-South cooperation was important to the developing countries not merely to reduce economic dependence on the North but also to impart vitality to their own countries' economies.

27. Although the prime responsibility for ECDC/TCDC lay with the developing countries themselves, the active role of UNIDO and other agencies, and the developed countries as well, was still much needed. UNIDO should not only continue but increase its ECDC activities in order to alleviate poverty and improve living conditions in the developing countries.

28. Referring to agenda item 8 ("System of Consultations") and to the programme of Consultations for the biennium 1994-1995, he expressed agreement with the Director-General's proposal contained in document IDB.9/2. Moreover, he wished to propose that the Consultations should be synchronized and combined with any UNIDO investment forum planned for the region concerned. The Director-General should submit a specific proposal on combining the regional Consultations planned for 1994 and 1995 with investment forums for consideration by the Board at its tenth session.

29. With regard to agenda item 9 ("Development and transfer of technology"), he said that Indonesia assigned high priority to the development and transfer of technology, and considered that the efforts of the industrialized countries to ensure the protection of intellectual property rights should be geared to facilitating rather than hampering the transfer of technology from the developed to the developing countries. The Secretariat's support programme in that regard was acceptable to his delegation.

30. With regard to the Industrial and Technological Information Bank (INTIB) project, Indonesia was grateful for all the benefits it had received from UNIDO through the project. Indonesia proposed: that there should be a continuous exchange of information for the benefit of small- and medium-scale industries; that business cooperative networks should be developed; that training and workshops should be provided in the field of documentation, library management and technology, database science, etc.; and that an INTIB national focal point or regional network should be established.

31. Mr. EBRAHIMI KHORAMABADI (Islamic Republic of Iran) said that in order to fulfil the objectives of the Buenos Aires Plan of Action, UNIDO must enhance its efforts further. Promoting and increasing technical cooperation among developing countries and between developed and developing countries would be the main instruments in narrowing the technological gap between North and South. The Islamic Republic of Iran had supported UNIDO's ECDC/TCDC activities by holding specialized management and training courses, conferences and symposia, and could play an even greater role in UNIDO's technical cooperation activities with developing countries. During the Director-General's recent visit to Teheran, the possibility had been discussed of joint cooperation in the provision of technical and industrial assistance to the former USSR Republics neighbouring the Caspian Sea, as well as Afghanistan. The Islamic Republic of Iran was already arranging a number of technical training programmes for those countries, and hoped that they could be extended to other aspects of industrial development, with the cooperation of UNIDO. The Economic Cooperation Organization could be an appropriate channel for the provision of technical assistance to the countries concerned.

32. The information given in paragraphs 4-6 of document IDB.9/11 regarding the use of experts, services and equipment from developing countries was welcome; UNIDO should continue its efforts to increase the developing countries' share in the total value of equipment orders and contracts awarded. The Organization should maintain and enhance its efforts in the areas of promotional and operational activities, increasing the capacities of developing countries in training, expertise and technology, and cooperation with regional commissions. As far as implementation of the Buenos Aires Plan of Action was concerned, important work had been done, but the main problem in promoting TCDC activities was still the shortage of financial resources. In spite of the appeal made in past Board decisions and in resolution GC.4/Res.11 for a substantial increase in percentage and real terms in the funds allocated in the operational budget for ECDC/TCDC activities, that had not happened.

33. His delegation requested the Secretariat to continue efforts to programme a higher proportion of funds to ECDC/TCDC activities in the

operational budget. It also supported the idea that the Secretariat, in its continuous efforts to seek additional extrabudgetary resources for ECDC activities, should undertake specific negotiations with IDF donors with a view to increasing the financing of ECDC/TCDC activities through IDF.

34. Ms. KIMBLE (United States of America) said that ECDC should be a prominent part of UNIDO's strategy and programmes. The trend in recent years towards the increased use of personnel, equipment and supplies from developing countries in technical assistance should be encouraged and supported by the Secretariat and Member States.

35. With so many countries moving from central planning to market economies, there were growing opportunities for developing countries to use the expertise they had gained from their own development for the benefit of other developing countries. Many countries which had succeeded in applying the technical assistance offered through UNIDO were now in a position to share their knowledge and resources with other countries which had begun the process of development later, and that sharing process would be to the mutual benefit of both parties. The countries of Latin America were well on the way to privatization, and the lessons they had learned were potentially extremely valuable to countries in Eastern Europe. There were many other, as yet untapped resources and unrecognized opportunities within the concept of ECDC. Its potential benefits were not confined within regions; beneficial partnerships among Member States would almost certainly continue to grow.

36. As UNIDO succeeded in its mission, the distinction between developed and developing countries would inevitably fade and disappear. Many developing countries already had thriving industries which exported products to many of the world's markets, and as those industries continued to grow, as genuinely integral parts of their domestic economies, they would lift other internal economic activities and improve the material lives of their citizens. As UNIDO succeeded, the importance of ECDC would grow. The successful developing countries could and would act as "development engines" for those that were behind them in development.

37. In 1990, the Group of Governmental Experts had reported (see document DP/1990/77) that, in addition to financial constraints, ECDC was limited by insufficient awareness of its potential and insufficiently active attitudes towards its use. Those constraints were factors which Member States could help UNIDO to change: they could increase awareness of the growing potential of ECDC and encourage a more positive attitude towards its use. UNIDO and the Member States should be encouraged to continue the improvement in the Organization's use of ECDC in technical assistance activities.

38. Mr. WANG Zhixi (China) said that his country had always attached great importance to ECDC/TCDC, and had actively participated in UNIDO's ECDC/TCDC activities. The Government of China made an annual contribution to IDF of nearly $500,000 earmarked for ECDC/TCDC activities, and set aside from its UNDP indicative planning figure (IPF) several million dollars to be devoted to South-South cooperation. China had also used bilateral channels to provide developing countries with equipment, and had received technical and managerial personnel from other developing countries for training. China had cooperated with the UNIDO Secretariat in the holding of training courses and seminars and the provision of expert services.

39. During decades of economic construction, China had developed a large number of technologies, processes and equipment, and accumulated rich managerial experience. Much of it had unique features, but was appropriate to a large number of developing countries. China was ready to share its technologies and experience with such countries on a basis of mutual benefit and equality, while also being interested in their technologies and advanced managerial experience.

40. The regular budget allocation for ECDC in 1992-1993 fell far short of what was needed. China hoped that the Secretariat would continue to try to raise funds for the ECDC programme, and that ECDC/TCDC would be oriented towards specific results, in particular towards helping developing countries solve their own problems. The focus should be on projects with a potential for leading to other, bigger projects. Funds provided for ECDC/TCDC activities could promote forms of cooperation such as joint ventures and licensing arrangements. Efficiency should be aimed at, and there should be a regular evaluation of the results achieved by the programme.

41. Referring to agenda item 9 ("Development and transfer of technology"), he said that UNIDO had done much to promote the development and transfer of technology. Efforts should continue to improve the form and content of technology transfer activities. Training activities aimed at helping to improve the negotiating capacity of developing countries were to be welcomed. The developed countries should make advanced science and technology available to the developing countries on the basis of mutual benefit and equality. Scientific and technological cooperation between the developing countries themselves was also an important element in South-South cooperation; as a developing country, China needed advanced technology from other countries, while being ready to share its own scientific and technological achievements with all other countries. He agreed with the view that the costs involved in the transfer of science and technology to the developing countries should be reduced to a minimum and that the terms of trade for their exports should be improved.

42. Mr. POPESCU (Romania) said that UNIDO had undertaken many projects aimed at strengthening ECDC/TCDC. His Government would continue to cooperate with other developing countries in those fields. With regard to the use of equipment from developing countries in UNIDO programmes, he was confident that the situation would improve and that many more orders would be placed with those countries' manufacturers and vendors.

43. His delegation considered that ECDC/TCDC called for thorough analysis, consultations and further discussions in order to arrive at final conclusions and recommendations, the main aim being to strengthen and enlarge UNIDO's activities in that important area. There should be an in-depth discussion, at the next session of the Board, of the summary of the report on the evaluation of ECDC/TCDC activities of UNIDO (IDB.9/CRP.6).

44. Mr. ASHRI (Saudi Arabia) said that the role of UNIDO in promoting TCDC was well known. Efforts must be made to overcome the constraints identified by the Group of Governmental Experts on

the rules, regulations and procedures of the organizations of the United Nations development system concerning TCDC, and costraints on the funding of TCDC programmes and projects. UNIDO should endeavour to strike a balance between the aspirations of the developing countries and the interests of the industrial countries, which played a major role in industrial development, particularly with regard to the transfer of advanced technologies.

45. Mr. BARRY (Republic of Guinea), speaking on agenda items 7, 8, 9 and 10, expressed his thanks to the Director-General and the entire Secretariat for the quality of UNIDO's cooperation activities with developing countries, which were significantly contributing to their industrial development. Cooperation with Guinea had included the organization in December 1989 of a Solidarity Ministerial Meeting within the framework of economic cooperation among developing countries, which had enabled fruitful relations to be established with investors from other developing countries in connection with industrial projects, some of which were already being executed.

46. With regard to the System of Consultations, a Workshop on Maintenance Management in the Industrial Sector held at Conakry from 15 to 17 October 1991 had bought together high-level experts from a number of African countries. The implementation of the recommendations stemming from that Workshop would undoubtedly enable the necessary changes to be brought about in the approach to maintenance activities in the industries of the countries concerned.

47. UNIDO had also provided valuable assistance in the preparation of a master plan for the industrialization of Guinea, which his Government was currently taking steps to implement.

48. His country was pursuing a very bold policy of economic reforms involving, in the manufacturing sector, the restructuring of existing enterprises and the promotion of private initiative. UNIDO's cooperation in the implementation of that policy would be appreciated.

49. Mr. TANDON (Director, Area Programmes Division), responding to the debate, said that there were two interpretations for the term "operational budget". In one sense, it referred to support cost income. In that sense, the Organization could not programme the budget, as it was exclusively dedicated to support activities for technical cooperation. That went both for income from UNDP-financed technical cooperation, where under the successor arrangements income had to be spent on specific services (TSS1, TSS2 and AOS type activities), and for other support cost income, in accordance with the report endorsed by the governing bodies. In the second sense, the operational budget included all project expenditures. Project funds could not be freely programmed by UNIDO. For UNDP IPFs, the recipient Governments and UNDP programmed the funds. For IDF, virtually all funds were special-purpose contributions. For trust funds the donor (or recipient) decided on funds. In conclusion, it was not possible for the Organization to programme its operational budget. It might be added that, at any rate, ECDC activities of UNIDO financed by project funds were not shown in the Programme and Budgets. It was therefore not possible to state that actual expenditure on ECDC activities in that category had increased or decreased.

DEVELOPMENT AND TRANSFER OF TECHNOLOGY (IDB.9/6, IDB.9/10)

50. Mr. SCHEPISI (Italy) said that his delegation had noted with satisfaction the efforts made by UNIDO in implementing programmes focusing on the transfer of technology, as described in the 1991 annual report (IDB.9/10), and wished to reiterate the importance that it attached to that subject. With regard to the International Centre for Genetic Engineering and Biotechnology (ICGEB), it had been decided, in principle, that the statutes for its establishment as an autonomous international organization should come into force at the commencement of the coming year, and $55 million had already been committed for activities until June 1995. Following its separation from UNIDO, ICGEB's task would be to fulfil its original mandate and become a centre of excellence for research and training addressing the needs of the developing world. His delegation was, however, convinced that UNIDO would continue to play an important role in the Centre's operations and that strong links would be maintained between the two institutions.

51. The Centre's training and research activities, focusing on technologies that could be effective in solving problems in the fields of health, nutrition, industrial development, environmental protection and energy production, were concrete examples of the many ways in which technology transfer, coupled with the development of human resources and the necessary support to small- and medium-scale industries, could contribute to sustainable development. He wished to commend UNIDO for its efforts in establishing the Centre and expressed the hope that the entry into force of the statutes would encourage many other countries to join those Member States that were already contributing their efforts.

52. Turning to another UNIDO project in the same sector, the Trieste International Centre for Science and High Technology (ICS), which operated a training programme for scientists and engineers from developing countries, he said that, in the period from 1988 to 1992, ICS had organized 53 training courses, in which many researchers from the countries of Central Europe and the former Soviet Union had also participated. A draft headquarters agreement and an institutional framework for ICS had been prepared by UNIDO following discussions with the Italian authorities and the draft agreement was currently under consideration by his Government. He was confident that ICS would be able to evolve from a pilot project into a more stable operational phase and fully implement its activities.

53. Mr. GUMEN (Russian Federation) welcomed the Secretariat's work in the development and transfer of technology, especially the operation of INTIB, the users of which included small and medium-scale enterprises. There was scope for improving the system for exchanging technological information along supply and demand lines, which would be a valuable form of cooperation among developing countries. He also endorsed the extension of the network of national industrial and technological data banks, in order to provide ready access to computerized resources. Another important aspect of technology transfer lay in assisting developing countries to hold consultations and purchase licences. He welcomed the work being done to set up international centres for advanced technology, a mutually beneficial form of cooperation among

Member States of UNIDO. In view of the present financial constraints, international efforts should be focused on solving complex technological problems. Russian scientists and engineers were making their own contribution to UNIDO's technology programme, including the establishment of an engineering centre and the organization of a seminar on the use of modern information and the exchange of technological information. Information was being disseminated about technologies applied in Russian enterprises undergoing conversion; new materials developed in the course of space studies were being made known; and contacts had been promoted between Russian industry and third country partners, including developing countries, with a view to applying to industry the findings of scientific research. Russian industry and science offered considerable potential, especially now that an ambitious programme to convert the military industries was under way. He hoped that UNIDO would provide skilled help to enterprises in other countries which were planning similar programmes. Further effort was needed to transfer Russian technologies to the markets of third countries, and the UNIDO Centre in Moscow would play an important role in that respect. Through its agency, a number of joint enterprises had already been launched, based on both domestic and foreign technologies.

54. With a view to enhancing the effectiveness of UNIDO's work in technology transfer, the Director-General should draw up an evaluation report on the Organization's past work in that field and its future prospects. Returning to the list of technologies contained in paragraph 19 of document IDB.9/6, he asked which of them had been developed by staff of UNIDO, and how they had been financed. Was UNIDO entitled to sell the technologies concerned; if so, to what item of its budget would the resulting funds be allocated?

55. Mr. EBRAHIMI KHORAMABADI (Islamic Republic of Iran) expressed his appreciation to the Secretariat and the Director-General for the preparation of the comprehensive report on the development and transfer of technology (IDB.9/6). In eight years' time, the world would judge UNIDO by the extent to which it had attained the target set in the Lima Declaration and Plan of Action on Industrial Development and Cooperation. That issue called for very serious consideration by UNIDO, and a status report on the matter should be issued at each session of the Board. New "technological thinking" could assist in the attainment of the Lima target. Use of appropriate technology would allow the prompt execution of developing countries' planned programmes, and bring about savings in manpower, raw materials, operating costs and overheads. The savings could be utilized for new technologies, thus leading to further development and better infrastructures. His delegation hoped that UNIDO would expedite its technology transfer efforts by providing developing countries with up-to-date technological information. UNIDO should assist developing countries in reviewing and restructuring their science and technology policies. Attention should be given to new forms of research and development organization. In cooperation with organizations such as the World Intellectual Property Organization (WIPO), proposals should be worked out for the protection of intellectual property that would encourage mechanisms for technology transfer and the development of domestic technologies.

56. Mr. ANGUIANO (Mexico) said that the development and transfer of technology was an area in which UNIDO had played an important role for the benefit of developing countries. The programme concerned constituted one of the Organization's most successful substantive programmes. The most pressing problems in the technological sector affecting developing countries related to access to up-to-date technologies and the lack of national research structures, and the Organization should assist in the identification of policy guidelines to facilitate the acquisition of proven technologies and promote an autonomous technological research and development process.

57. UNIDO should take account of the fact that the possibility for developing countries to gain adequate access to new technologies, particularly technologies enabling them to renew their productive plant, depended on a more flexible approach than that hitherto demonstrated by enterprises that sold such technologies. UNIDO should also analyse the impact of new mechanisms being used to promote technological innovation in industry, such as compensatory financing and joint investment.

58. It was important that UNIDO should promote technical cooperation projects that, under government supervision, would involve enterprises of developing countries to a greater extent, particularly at the regional and subregional levels. UNIDO should also intensify efforts aimed at providing information in the technological sphere by wider dissemination of the data at its disposal through publications or special courses. In that connection, his delegation believed that UNIDO should fully comply with the request in decision IDB.8/Dec.10 for a comprehensive list to be drawn up of technologies adapted and promoted by the Organization through technical cooperation projects.

59. Finally, it was important that UNIDO's activities in the area of technology transfer should promote the adoption of clean technologies.

60. Mr. AIT HMID (Morocco) said that his delegation, while acknowledging that the transfer of technology was an issue of major importance, wished to stress its great complexity, which arose from the fact that any operation involving transfer of technology to developing countries entailed a number of prerequisites, including the restructuring of industry and the creation of conditions conducive to equitable and healthy competition. Any transfer operation also required an ability to master and adapt the technologies concerned. That entailed substantial training efforts aimed at those involved in the production process, following an analysis of market requirements and the definition of concepts for production and services that would meet those requirements.

61. The adaptation of new technologies called for the implementation of a policy for promoting quality and developing the necessary scientific infrastructure through the creation of technical centres and test and analysis laboratories. In that connection, UNIDO could help developing countries' laboratories to set up a system of mutual recognition with their counterparts in the developed countries.

62. Finally, the development and improvement of a system of industrial property in developing countries could effectively contribute to the dissemination of information on new technologies. However, that could only be achieved through the

establishment of a focal point capable of promoting continuing relations between the various parties involved.

63. Mr. KRISHNAN (India) said that he favoured an integrated approach to the development and transfer of technology; he therefore welcomed the Director-General's proposal to amalgamate the divisions concerned with technology promotion and technology development. UNIDO had a key role to play within the United Nations system in all industry-related matters. An important facet of its activities in the area of transfer of technology should be to strengthen the negotiating capabilities and the research and development activities of the recipient countries, and to help them to commercialize their research and development results. The Technological Information and Exchange System (TIES) and INTIB must be backed up by effective networking; the areas and subjects where technology was available should be identified and the technology offered to developing countries. UNIDO's role in the transfer of technology should be that of an agent of change; its own efficiency must remain unimpaired. Enterprise-to-enterprise cooperation and TCDC activities warranted support from UNIDO in the financial area, through appropriate linkages with financial institutions. The aim must be for UNIDO to offer consultancy services combined with investment promotion, including technology transfer.

64. Mr. PLUG (Netherlands) referred to the statement in paragraph 7 of document IDB.9/6 that UNIDO was considering the possibility of developing an expert system comprising a draft contract generator and a complementary negotiation support system. How would that relate to similar existing activities, such as those carried on in the framework of UNCTAD?

65. Mr. VENKATARAMAN (Director, Industrial Technology Development Division), responding to the debate, announced that, following an expert group meeting held in Caracas in December 1991, the Government of Venezuela had indicated willingness to provide financial support amounting to $3 million over a period of five years for the establishment of a regional centre for marine industrial technology and to enlist the cooperation of national institutions for that purpose. The Bolivar Programme, it had been suggested, could also provide a valuable additional mechanism for furthering the priorities identified by the Caribbean regional centre. The Secretariat would be contacting the Government of Venezuela and undertaking consultations with other interested countries and organizations.

66. Information on technological developments in Russia and China had been fed into INTIB, and a Technology Mart had been held in China. The question of intellectual property rights was really one for WIPO, but the Secretariat would continue to study its bearing on technology transfer. Work had begun on the compilation of an exhaustive list of technologies developed through UNIDO activities. Replying to the question put by the representative of the Russian Federation, he explained that the technologies in question had been developed and adapted through UNIDO's technical cooperation programmes, and were funded by technical cooperation projects. As well as UNIDO staff, those involved in developing them included specialists who were employed by UNIDO to devise adaptations of existing technolgies. The resulting technologies would not necessarily be in the nature of intellectual property; rather, such technical cooperation projects would be replicated in other countries, to enable the latter to benefit from the results of the work.

67. In reply to the question from the representative of the Netherlands concerning the expert system proposed in document IDB.9/6, he said that the idea was to bring together expertise acquired in all institutions, not merely in UNIDO. UNCTAD was not engaged in creating such an expert system.

SYSTEM OF CONSULTATIONS (IDB.9/2 and Corr.1, IDB.9/10, IDB.9/14, IDB.9/15; ID/378, ID/379 and ID/380)

68. Mr. FIGUEIRINHAS (Observer for Portugal), speaking on behalf of the member States of the European Community, welcomed the steps already taken in pursuance of the recommendations that had resulted from the evaluation of the System of Consultations, especially the establishment of Advisory Committees representing a cross-section of the Secretariat, and the contacts established with various UNIDO units for the follow-up of the Consultations. He welcomed the proposed reduction of the number of Consultations during the biennium 1994-1995 from eight to six, and the emphasis placed on regional Consultations. The European Community would have liked to see a regional Consultation on the impact of structural adjustment policies on small and medium-scale enterprises, especially in Africa. The topics for global Consultations should be very carefully chosen. The Secretariat should endeavour to select topics closely allied to the Organization's goals, and in areas where UNIDO had special expertise. The topics should be well defined in order to produce specific proposals for industrialization. He was, of course, aware of the financial and administrative constraints hindering the organization of regional Consultations and preventing the Secretariat from entering into direct contact with industrialists in the countries concerned. The Secretariat must endeavour, in the preparations for Consultations, to take into account ongoing technical cooperation programmes. It should set up internal working groups to deal with specific country, regional or sectoral problems; it should link the System of Consultations with investment promotion meetings and industrial exhibitions, and simplify its invitation procedure, in order to enable as many industrialists as possible to attend.

69. Ms. BECKER (United States of America) said that urgent attention must be paid to the System of Consultations in order to determine its relevance and to decide whether the System had lived up to expectations, and whether it continued to match UNIDO's changing priorities. The resources devoted to it should be proportional to the likely results. The underlying concept of the System was to accelerate the process of industrialization by focusing on particular regions, subregions, industrial sectors and subsectors. The intention was to bring together knowledgeable persons from private industry, Government and business, combining their expertise to foster concrete projects and partnerships. Although some technical cooperation projects had resulted from the System, Member States would not continue to invest scarce resources in it unless they had full confidence in it.

70. The Secretariat could make three fundamental improvements: integration, follow-up in the form

of technical assistance, and broader private sector participation. The two former improvements had been recommended in the 1989 evaluation of the System, but had yet to be carried out. In 1991, an evaluation of the investment promotion system, recommending that it be better integrated with other UNIDO programmes, had failed to mention the System of Consultations, a striking omission since the two systems were in the same Department. The recommendation for follow-up assumed that specific projects would be identified. However, the six follow-up activities listed in chapter III of the 1991 annual report (IDB.9/10) were all workshops, panel meetings or Consultations. "Follow-up" should mean technical assistance projects for specific plants and production facilities, rather than additional meetings. If the System of Consultations were an integral part of UNIDO's strategy and programmes, the Consultations would automatically lead to technical assistance programmes.

71. The choice of participants for the Consultations must also be improved. Far too many of them were government officials, rather than private sector businessmen or industrialists. Even in the least developed countries, there were entrepreneurs who were struggling to create economic growth. Governments must identify such people and send them to the Consultations, wherever the latter were held. She was glad to learn that a forthcoming Consultation would have more than 50 per cent private-sector participation; however, that should be a regular feature, to reinforce UNIDO's focus on privatization.

72. Given modern communication systems based on satellite television and fax machines, it might be argued that meetings to focus attention on a specific region were unnecessary. That would be true if the meetings took place far from the region concerned and were attended mainly by government officials, and if their results were unconnected with technical assistance programmes.

73. Mr. EL FENDRI (Tunisia) welcomed the report on the Consultations held in 1991, and the planned technical cooperation activities which were to follow them. Africa, being the least industrialized continent, fully deserved two of the regional Consultations to be held during the 1994-1995 biennium. Because of its valuable contribution in identifying the problems of industrialization in the developing countries, the System must be reinforced. Regional Consultations were more effective when they were held in the relevant regions rather than at UNIDO headquarters, and when they were well attended by representatives of local industry. In May 1993, Tunisia would host a Consultation on building materials, to be organized jointly with an exhibition of building materials in Tunis.

74. Mr. RIHA (Czechoslovakia) said that his country attached great significance to the System of Consultations and to its role in UNIDO's activities, especially in economic cooperation among developing countries and in the Industrial Development Decade for Africa. The System should be given more emphasis and UNIDO's overall performance assessed. The System had become more efficient as a result of the recommendations arising from the evaluation process. However, there was room for more systematic follow-up of the results of Consultations. He agreed that the Consultation should be seen not as an end in itself but as a continuing process leading to the development of sectoral strategies and policies and to agreement on concrete programmes of action (see document IDB.9/14, para. 9).

75. During the Consultations, time should be set aside to enable potential partners from both developed and developing countries to meet and discuss opportunities for cooperation and investment projects. The chairman of the Consultation should be involved in the preparatory meetings; such involvement had been very helpful during the Fourth Consultation on the Capital Goods Industry with Emphasis on Machine Tools, held at Prague in 1991.

76. The planned programme of Consultations for the biennium 1994-1995 was reasonably balanced. He welcomed the emphasis on regional Consultations, which encouraged cooperation among countries. He intended to submit a proposal to the Czechoslovak authorities to hold the Consultation on environmental management and cleaner technologies in the metallurgical industry in Czechoslovakia. His country had a traditional interest in metallurgy, and was now engaged in introducing environment-friendly technologies in that sector.

77. Mr. SALLOUKH (Observer for Lebanon) said that the System of Consultations was a unique forum for ongoing contacts among all those engaged in industrial development. Such contacts would remain a necessity in the 1990s, despite the radical international changes. The demands for North-South and South-South dialogue would be stimulated by the global problems of debt, the environment, the acquisition and transfer of new technologies, and world industrial restructuring, including privatization. The System of Consultations was well suited to fostering industrial progress in developing countries by the definition of major constraints on sectoral development, the formulation of policy options to counteract them and the identification of opportunities for technical assistance, investment promotion and technology transfer. The System also provided valuable information to UNIDO, enabling it to strengthen its programmes by devising strategies for specific subsectors. He therefore welcomed the programme of consultations proposed for the biennium 1994-1995, which was in line with the industrial priorities and aspirations of the developing countries. He also welcomed the forthcoming Regional Consultation on the Petrochemical Industry in the Arab Countries, to be held at Innsbruck in June 1992, although an Arab venue would have been equally appropriate for the meeting. The documentation for the meeting addressed all the key issues related to the development and integration of the industry concerned in the economies of the Arab countries.

78. Mr. AYADI (Observer for Algeria) reiterated his country's support for the System of Consultations. Consultations should not be an end in themselves but part of an ongoing process leading to concrete programmes and projects. He took note of the actions taken to implement the recommendations of the System, in particular the preparation of a plan for technical cooperation follow-up activities for the Consultations held in 1989, 1990 and 1991. However, in view of the potential benefits of the participation of industrial partners in Consultations combined with investment promotion meetings, that matter deserved more thorough discussion. His delegation fully supported the Consultations proposed in

document IDB.9/15 for the biennium 1994-1995, in particular the two proposed for Africa on the building materials industry and the iron and steel industry, which were in response to the needs of those countries. It was no accident that the iron and steel industry had been chosen, since the African Iron and Steel Association had been founded at Algiers in December 1991 as a result of Consultations. Algeria hoped that cooperation would be strengthened within the Secretariat, especially with the Unit responsible for the Second Industrial Development Decade for Africa (IDDA), in preparation for the Consultations, which should be held in an African country and fully integrated in the IDDA process. UNIDO should be able to contribute to the funding of those two meetings.

79. Mr. SZABO (Hungary) said that a good choice of topics for consultations could help in the formulation of sectoral policies in interested countries and in fostering collaboration among potential partners. Representatives of modern, market-based industries would make use of the UNIDO Consultation mechinery. However, the emphasis on regional meetings could be reduced, to strike a balance between global and regional issues. Global discussions should reflect the likely impact on world industrial production of the political and economic changes taking place throughout the world. In a number of industrial sectors, market changes would influence the output and distribution of goods. Another topic worthy of study during the 1994-1995 biennium would be the formulation and development of industrial policies at national level. During the period of transition to a market economy in Central and Eastern Europe, it was sometimes said that State intervention was no longer required; that was absurd, since the process of transition had to be managed. The Hungarian Government was planning a workshop on industrial policies in the economies in transition, to be held in October 1992 under the sponsorship of the United Nations Economic Commission for Europe and the Organization for Economic Cooperation and Development (OECD). He urged that the formulation and development of industry policy should be included among the topics for the programme of Consultations for the biennium 1994-1995.

80. Commenting on paragraph 14 of document IDB.9/14, he called attention to the "spirit of Cartagena" which had prevailed during the last UNCTAD session; matters of policy should always be decided by consensus. Some of the recommendations on trade and industrial policy contained in the report of the Fourth Consultation on the Capital Goods Industry (ID/378, para. 13) were not in conformity with GATT rules.

81. The investment promotion aspect of the Consultations could be enhanced by organizing parallel events. A sectoral Consultation and a sectoral investment promotion meeting could well be held at the same place and time.

82. Mr. GUMEN (Russian Federation) said that the System of Consultations was one of the key areas of the Organization's work, and one which was in accord with the interests of all Member States. His delegation supported the key recommendations resulting from the Consultations held during 1991, and the Secretariat's plans for implementing them. To enhance the effectiveness of the System, he suggested increasing the number of regional and subregional Consultations on specific industrial sectors, and reducing the number of global Consultations. More frequent meetings of international experts should be held on specific economic and technical matters, to elaborate plans for implementing the recommendations of the Consultations. Specialists from the Industrial Investment Division should be invited to take part in the Consultations, in order to assist in the launching of joint projects. The Consultations proposed for the biennium 1994-1995 should cover the following topics: assistance for the formation of small and medium-scale enterprises; the establishment of intersectoral enterprises; the development of market structures; the creation of free economic zones; and methods of attracting foreign investment.

The meeting rose at 6.15 p.m.